



THE CITY OF SAN DIEGO  
MAYOR JERRY SANDERS

M E M O R A N D U M

DATE: June 18, 2008

TO: Honorable Council President Scott Peters and Members of the City Council

FROM: Honorable Mayor Jerry Sanders

SUBJECT: Managed Competition Pre-Competition Assessments

This morning, I will announce the results of eight (8) pre-competition assessments. Six of the eight functions analyzed in the latest round of pre-competition assessments have been found ineligible and/or inappropriate for competitive procurement. One, Library Materials Delivery Services, was found to be so similar to other functions City-wide that it has prompted the initiation of a Business Process Reengineering (BPR) study. City delivery services will be evaluated for their eligibility and appropriateness for competition after the City-wide Delivery Services BPR is completed.

The functions that were evaluated through this latest round of pre-competition assessments appears below along with its eligibility and appropriateness for competition.

FUNCTION (DEPARTMENT)	ELIGIBILITY AND APPROPRIATENESS FOR COMPETITION
Custodial Services (Led by General Services, Facilities Division)	<i>Eligible:</i> Proceeding to competitive procurement.
Homeland Security (Homeland Security)	<i>Ineligible/Inappropriate:</i> Some elements of the City's Homeland Security operation were determined to be "inherently governmental" and thus precluded from the competition process. For the portions of this function that were not inherently governmental, the potential risks associated with competitive procurement were determined significant and the potential rewards from competition quite limited.
Library Material Selection Services (Library)	<i>Inappropriate:</i> The City's Library Department is already using the services of an outside vendor to improve service efficiency and cost effectiveness (by pre-selecting portions of the collection). Most City personnel assigned to these tasks only use a portion of their time on this function as they are responsible for diverse duties. There is only one service provider for the portion of this that is not already purchased

FUNCTION (DEPARTMENT)	ELIGIBILITY AND APPROPRIATENESS FOR COMPETITION
	wholesale through pre-selection, this function is not appropriate for competition.
Library Material Purchasing (Library)	<b><i>Inappropriate:</i></b> The portion of this function that is readily available commercially—library material processing and cataloguing for best sellers and common titles—is already done by big publishing houses. In order to improve efficiency and cost effectiveness, the City’s Library Department will take even more advantage of the markets by purchasing additional materials in ‘shelf ready’ formats. For the portion of the purchasing function that cannot be done by outside vendors as part of the purchasing process (e.g., tailored cataloguing because titles that are purchased are local titles or from limited releases), there is only a single provider of such services, precluding the ability to award a contract in accordance with the Managed Competition Ordinance.
Library Material Circulation (Library) Library Reference Services (Library)	<b><i>Inappropriate:</i></b> There is only one provider of this function in the nation. Consequently, there are insufficient service providers to conduct a valid competition in accordance with the Managed Competition Ordinance (wherein two legitimate outside bids would need to be received in order for an award to be made).
Library Delivery Services (Library)	<b><i>Inappropriate at this time:</i></b> Though there might be some economic gain achieved by contracting for this service, the Mayor has determined that even greater savings may be achieved by competing for delivery services throughout City operations and has initiated a Business Process Reengineering evaluation of Citywide delivery services.
Storm Water Pollution Prevention (General Services, Storm Water Division)	<b><i>Ineligible:</i></b> This function was determined to be “inherently governmental” and thus ineligible for competition given the criteria of the San Diego Managed Competition Ordinance governing the competitive procurement process.

The City is awaiting a decision from the state Public Employment Relations Board related to a challenge of various aspects of the voter-approved managed competition program filed by the Municipal Employees Association and AFSCME, Local 127. The City continues to plan accordingly and move the now 12 functions forward in the managed competition process.

As with the functions previously selected to move forward to competitive procurement, service specifications will be documented through a Preliminary Statement of Work for the Custodial Services function. The Managed Competition Independent Review Board will be given the opportunity to review and comment on the Preliminary Statement of Work and the City Council will review and vote on the specifications developed for each function. Following receipt of those comments and the Council’s vote, the City will proceed with developing the Statements of Work.

Page 3

Honorable Council President Scott Peters and Members of the City Council  
June 18, 2008

The complexity of the acquisition process and the need to ensure fairness and a level playing field during the procurement process creates a need for the City to turn to an outside consultant to assist in developing the Statements of Work. I look forward to bringing the Statement of Work support contract forward for your ratification on Monday, June 23<sup>rd</sup> and appreciate your support for continuing timely progress on this voter-approved reform program.

A handwritten signature in black ink, appearing to be 'JS' with a stylized flourish at the end.

Mayor Jerry Sanders

cc Jay Goldstone, Chief Operating Officer  
Andrea Tevlin, Independent Budget Analyst  
Faye Wilson, Chair and Managed Competition Independent Review Board Members  
Judie Italiano and Cathleen Higgins, Municipal Employees Association  
Joan Raymond and Damian Tryon, AFSCME Local 127